

GENERAL FUND

Description of Fund	The General Fund is used to account for the resources and activities associated with the majority of the day-to-day operations of the Village. The General Fund receives the majority of Village revenues and utilizes these resources to fund expenditures traditionally associated with government, including police protection, fire protection, highways and streets, building and planning, economic development, and general administration.
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Changes from Previous Budgets – Combining of Accounting Funds – Special Revenue Funds

To prepare for the full implementation of the Governmental Accounting Standards Board (GASB) 34 Statement by Fiscal Year Ending 2003, the Village initiated significant revisions to its fund structure at the end of Fiscal Year 2001. In previous budgets the Village's fund structure included special revenue funds that were used to account for special activities supported by designated revenue sources. At the end of 2001 the following special revenue funds were closed and their balances were combined with the General Fund:

- Motor Fuel Tax Fund
- Memorial Donations Fund
- Emergency 911 System Fund
- Senior Transportation Fund
- Hotel/Motel Tax Fund
- Special Service Area #1, Downtown Snow Removal Fund
- Special Service Area #3, Chippendale Fund

The 2003 – 2004 Biennial Budget was developed based on this new fund structure. The document also anticipates a comprehensive amendment to the 2002 budget that is required to bring it into compliance with the change in the fund structure.

To account for these restricted/designated assets, the Village established a Fund Balance within the General Fund that is reserved for these restricted assets (entitled Reserved/Restricted in the General Fund Summary). The revenues related to each special activity are cumulatively displayed as Restricted Revenue and allocated to the cumulative Reserved for Restricted Balance. Special Activity Expenditures are included in the budgets of the General Fund Departments responsible for or related to the respective special activity. In the 2003 – 2004 Biennial Budget the following expenditures for special activities have been included in the referenced departmental operating budget:

<u>Special Activity</u>	<u>Department/Division Budgeted</u>	<u>FY 2003 Amount</u>	<u>FY 2004 Amount</u>
Motor Fuel Tax – Street Maintenance Operational Expenditures	Public Works Street Division	\$250,000	\$250,000
Memorial Donations – As Limited by the Bequest	Fire Department Equipment Purchases	\$25,100	\$21,100
Hotel/Motel Tax – Promotional Activities Directed at Tourism	Village Manager's Office	\$12,000	\$12,000
Special Service Area #1 – Downtown Snow Removal Expenditures	Public Works Street Division	\$21,853	\$21,100

Special Service Area #3 – Chippendale Subdivision Snow Removal Expenditures	Public Works Street Division	\$31,950	\$33,000
Emergency 911 – Contracting for Dispatch Services and Paying for Telephone Charges related to these dispatch services (Subject to 911 Board approval)	Police Department Telecommunications Division	\$175,000	\$175,000
Emergency 911 – Paying for the installation of Mobile Data Terminals in Fire Department Vehicles to improve communications.	Fire Department	\$40,000	

Expenditures related to a special activity are funded by transferring a portion of the fund balance restricted for the special activity (cumulatively reflected in the budget document as “Reserved Balance Transfer”) to the Undesignated/Unreserved Fund Balance to offset those expenditures. For example, \$250,000 is to be transferred from the Reserved for Restricted Balance for MFT to the Undesignated/Unreserved General Fund Balance to cover the specific operating costs that are to be funded by MFT. When special activity funds transfer from the Restricted Fund Balance to the Undesignated/Unreserved Fund Balance, they are displayed in the General Fund Revenue and Expenditure Summary as a Reserved Balance Transfer.

Changes from Previous Budgets – Combining of Accounting Funds – Equipment Replacement Fund

A second change in the 2003 – 2004 budget is the combining of the Equipment Replacement Fund with those Accounting Funds of the Village that contributed to the Fund Balance of the Equipment Replacement Fund. The Village has used the Equipment Replacement Fund to accumulate resources to cover the cost of replacing equipment. The objective of this Fund was to reduce the volatility in expenditures by annually transferring funds from Departments to the Equipment Replacement Fund based on an equipment replacement schedule that takes into account the useful life of each piece of equipment.

Consistent with the objectives of GASB 34, the Village is reallocating the resources accumulated in the Equipment Replacement Fund to the Accounting Funds to which they relate. Within Accounting Funds, the Village will continue to accumulate funds for equipment replacement purchases. Monies set aside for this purpose will be reflected in the Reserved Fund Balance for Equipment Replacement in the respective Fund. Departments will transfer funds to the Reserved Equipment Replacement Fund Balance and these funds will continue to accumulate and be used to replace equipment as the respective piece of equipment reaches the end of its useful life. For the General Fund, this accumulation of funds will be displayed in the General Fund Revenue and Expenditure Summary as Balance Reserved for Equipment.

When a Department needs to purchase equipment for which it has accumulated funds, this purchase will be displayed as an Equipment Purchase expense in the operating budget of the Department. Funds accumulated for the replacement of the respective piece of equipment will be transferred from the Equipment Replacement Reserved Fund Balance to the Undesignated/Unreserved General Fund Balance to offset the cost of the purchase.

Changes from Previous Budgets – Modifications to Budgetary Units

The 2003 – 2004 Biennial Budget also includes a change in budgetary units. This change involves the elimination of the Department of Economic Development and the incorporation of these responsibilities into the Office of the Village Manager.

Budget Analysis

The General Fund Budget includes \$591,467 in Available Funds ***Under*** Expenditures in 2003 and \$6,358 in Available Funds Over Expenditures in 2004. Total Available Funds include all Undesignated/Unreserved

Revenue and the net of Reserved Balance Transfers and Interfund Transfers In/(Out). In 2003, Available Funds are projected to increase from a 2002 figure of \$11,117,633 to \$12,270,377, an increase of \$1,152,744 (10.37%). In 2004, Available Funds are projected to increase by \$1,259,422 (10.26%) over 2003, to a total of \$13,529,799.

The increase in Total Available Funds in 2003 is the result of growth in Undesignated/Unreserved Revenue and increases in the Reserved Balance Transfers. These increases are slightly offset by an increase in Interfund Transfers Out. Undesignated/Unreserved Revenue increases by \$834,850 (7.12%) due to projected increases in revenues related to Property Taxes, Other Taxes, Licenses and Permits, Charges for Services, Investment Income, Miscellaneous, and Interfund Charges (*Please see the Revenue and Expenditure Trends section; Pages 32 to 33 for a detailed analysis of revenue trends*).

The increase in Transfers Out is the result of a \$600,000 loan from the General Fund to the Tax Increment Financing (TIF) Fund. This loan will be used to finance parking improvements in the Village Center. The loan will reduce the Undesignated/Unreserved General Fund Balance and make necessary the addition of a Reserved for Non-Current Receivables Fund Balance in the General Fund (the Reserved for Non-Current Receivables Balance will be used to account for the loan until it is repaid by the TIF Fund). The increase in Transfers Out attributable to the loan to TIF is offset by reductions in the transfers from the General Fund to the Capital Improvement Fund, the Debt Service Fund, and the Recycling and Refuse Fund (*Please see the Transmittal Letter, Pages 3 to 5, for a detailed explanation of these changes*).

Reserved Balance Transfers increase in 2003 due to increases in the E-911 Reserve Transfer of \$71,605 for emergency dispatch services and an additional \$40,000 which will be used to purchase Mobile Data Terminals for Fire Department Vehicles. Included in the Reserved Balance Transfers is \$25,100 from the Memorial Donations Fund that will be used to purchase 2 vehicle mounted portable defibrillators and batteries for the Fire Department. This increase in the Reserved Balance Transfers is also due to the consolidation of portions of the Equipment Replacement Fund with the General Fund. In 2003, the increase in total Undesignated/Unreserved Balance Transfers attributable to Equipment Replacement Reserve Balance Transfers is \$188,850.

In 2004 total Available Funds are again projected to increase. The increase is due to growth in Undesignated/Unreserved Revenues of \$840,788 (6.69%) that relates to increases in revenues related to Property Taxes, Sales Tax, Other Taxes, Charges for Services, and Interfund Charges. Interfund Transfers Out decline in 2004 by approximately \$630,000. This decline is due to the following two factors: no loan to TIF Fund (one-time loan unique to 2003) and the additional \$30,000 reduction in the transfer to the Recycling and Refuse Fund to reflect implementation of the code relative to the senior discount for the entire year in 2004. The transfer to the Debt Service Fund increases slightly (\$896) to cover the debt service principal and interest payment to Suburban Bank related to the acquisition of the site for the Public Safety facility. The Designated/Reserved Balance Transfer is projected to decrease by \$197,350. This decrease is due to reductions in transfers relating to special one time purchases and changes in expenditures related to Equipment Replacement. Specific changes include a reduction in the E-911 transfer of \$40,000, a reduction in the Memorial Donations transfer of \$4,000, and a reduction in the Equipment Replacement Reserve Transfer of \$166,505. A Reserved Balance Transfer relating to Memorial Donations of \$21,100 to the Undesignated/Unreserved Balance for the purchase of Fire Department related equipment including 1 vehicle mounted portable defibrillator, 1 inflatable rescue boat, and 3 nitronox units has been included in the 2004 budget.

Expenditures

Expenditures are projected to increase in 2003 by \$1,122,221 (9.56%) to a total of \$12,861,844 as compared to the budget for 2002 of \$11,739,623. The 2003 increases are primarily caused by significant increases in proposed expenditures related to Public Safety with Police Department expenditures increasing \$448,039

(11.24%) and Fire Department expenditures increasing \$725,652 (24.86%). Public Works Departmental expenditures increase \$157,259 (9.60%) in the proposed budget. These increases are offset to a small extent by decreases in Administrative Services \$154,610 (9.53%), the Village Board \$17,345 (3.23%), the Office of the Village Manager \$18,414 (3.84%), and Building and Planning (\$18,359 or 3.32%).

In 2004 expenditures increase to \$13,523,441, a \$661,597 (5.14%) increase over projected expenditures for 2003. The increase in 2004 is primarily due to a significant increase in the Fire Department budget of \$557,838 (15.30%) and small increases in the budgets of the Administrative Services Department (\$39,632), Police Department (\$17,779), Public Works Department (\$20,062), the Building and Planning Department (\$24,592), and the Office of the Village Manager (\$6,890).

Projected Fund Balances

Beginning with the 2003 – 2004 Biennial Budget, the Fund Balance for the General Fund will be allocated to the following five categories: Undesignated/Unreserved, Designated, Reserved for Restricted Balances, Reserved for Equipment, and Reserved for Non-Current Receivables. The Undesignated/Unreserved Fund Balance is that portion of the General Fund Balance that is available to meet any current or future obligations of the Village (subject to recommended minimum balances as established in the Fund Balance policies included in this document). The Designated Fund Balance is that portion of the General Fund Balance that has been designated for a specific purpose. The Reserved for Restricted Fund Balance is that portion of the General Fund Balance that is reserved for restricted balances (this is the portion of the General Fund Balance that can only be used for a specific purpose, hence these are restricted funds). The Reserved for Equipment is that portion of the General Fund Balance that is reserved as an accumulation of funds that are to be used for the replacement purchase of specific equipment that has reached the end of its useful life. The Reserved for Receivables represents that portion of the General Fund Balance that has been loaned to the Tax Increment Financing (TIF) Fund in addition to any accrued interest owed by the TIF Fund to the General Fund.

In 2003 the Undesignated/Unreserved Fund Balance is projected to decrease by \$591,467 due primarily to the \$600,000 loan to the TIF Fund. This leaves a projected 2003 year-end General Fund Undesignated/Unreserved Fund Balance of \$5,775,275 (according to Village Financial Policies, the minimum Undesignated/Unreserved Fund Balance in 2003 should be \$4,997,524 - 1/2 of Sales Tax Revenue plus 3 months of Operating Expenditures minus the Designated Balance for Contingencies). In 2004 The Undesignated/Unreserved General Fund Balance will increase by \$6,358 to a total of \$5,781,633. (The minimum Undesignated/Unreserved Fund Balance in 2004 should be \$5,290,537.)

The Designated General Fund Balance will decline in both 2003 and 2004. Due to its claim experience, the Village experienced a significant increase in the contribution rate to IRMA (the intergovernmental pool that provides property, liability, and workers compensation coverage to the Village) in 2002. This resulted in a \$209,294 (55.03%) increase in the Village's contribution rate, from \$380,329 to \$589,623. It is expected that the Village's contribution rate will be negatively impacted for the next two years. To offset this increase, it is assumed in the budget that the Village will utilize its fund balance designated for Insurance Contingencies. The use of these funds is displayed in the General Fund Summary as part of the Reserved Balance Transfer. The amounts to be transferred include \$112,800 in 2003 and \$113,696 in 2004. This will leave a designated fund balance of \$1,427,806 in 2003 and \$1,314,110 in 2004.

The Reserved for Restricted Balances Fund Balance decreases in 2003 by \$11,253 to a total of \$920,449. The following is a summary of the net changes in the individual components included in this Fund Balance reserve.

<u>FY 2003 Special Activity</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Motor Fuel Tax	\$291,903	\$291,000	\$250,000	\$332,903
Memorial Donations	\$209,060	\$6,500	\$25,100	\$190,460
Hotel/Motel Tax	\$0	\$12,000	\$12,000	\$0
Emergency 911	\$153,786	\$178,000	\$215,000	\$116,786
Special Service Area #1	\$14,814	\$20,650	\$21,853	\$13,611
Special Service Area #3	\$63,629	\$36,750	\$31,950	\$68,429
DUI Fines	\$7,800	\$0	\$0	\$7,800
Working Cash	<u>\$190,460</u>	<u>\$0</u>	<u>\$0</u>	<u>\$190,460</u>
TOTALS:	\$931,452	\$544,900	\$555,903	\$920,449

As detailed in the summary, the decrease in 2003 is caused by transfers of Reserved for Restricted Balances that total more than the revenues received for Emergency 911 and Memorial Donations. Emergency 911 will transfer \$37,000 more than it receives in revenue, these funds will be used to offset the purchase of Mobile Data Terminals for Fire Department vehicles in 2003. Memorial Donations will transfer \$18,600 more than it receives in revenue, this money will be used to purchase two portable vehicle mounted defibrillators for the Fire Department. Special Service Area #1 will also transfer more than it receives due to an increase in the cost of charges for services from the Central Garage Fund.

In 2004 the Reserved for Restricted Balances Fund Balance increases by \$32,700 to a total of \$953,149.

<u>FY 2004 Special Activity</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Motor Fuel Tax	\$332,903	\$291,000	\$250,000	\$373,903
Memorial Donations	\$190,460	\$6,500	\$21,100	\$175,860
Hotel/Motel Tax	\$0	\$12,000	\$12,000	\$0
Emergency 911	\$116,786	\$178,000	\$175,000	\$119,786
Special Service Area #1	\$13,611	\$20,650	\$21,100	\$13,161
Special Service Area #3	\$68,429	\$36,750	\$33,000	\$72,179
DUI Fines	\$7,800	\$0	\$0	\$7,800
Working Cash	<u>\$190,460</u>	<u>\$0</u>	<u>\$0</u>	<u>\$190,460</u>
TOTALS:	\$920,449	\$544,900	\$512,200	\$953,149

In 2004, Memorial Donations will again transfer more Reserved for Restricted Balances than revenues received. Memorial Donations will transfer \$14,600 more than it receives in revenue, this money will be used to purchase a portable vehicle mounted defibrillator, an inflatable emergency rescue boat, and three (3) Nitronox Units.

General Fund Balance Reserved for Equipment Replacement will begin in 2003 with a projected year-end balance of \$1,617,184. The Equipment Replacement Reserved Balance will receive \$108,895 in additions from the operating departments and will transfer \$188,850 in Reserved Balance Transfers to cover the cost of replacement equipment to be purchased in 2003. In 2004, this balance will increase by \$96,834 (5.99%) to a total of \$1,714,018. This increase includes additions of \$119,179 from the operating Departments and \$22,345 in Reserved Balance Transfers to cover the cost of replacement equipment to be purchased in 2004.

The Reserved Balance for Receivables will be set up effective 2003 with an anticipated January transfer to the TIF fund of \$600,000 and will earn in 2003 approximately \$30,000 in interest. In 2004 this balance will

increase by \$31,500 as a result of accrued interest due from the TIF fund. This will be the first loan to be repaid by the TIF Fund. It is projected that the TIF Fund will be in a position to commence the repayment of this loan in 2005.

**VILLAGE OF BARRINGTON
GENERAL FUND
REVENUE AND EXPENDITURE SUMMARY**

	FY 2000 <u>Actual</u>	FY 2001 <u>Actual</u>	FY 2002 <u>Amended Budget</u>	FY 2002 <u>Projected Actual</u>	FY 2003 <u>Budget</u>	FY 2004 <u>Budget</u>
Beginning Fund Balance	6,360,809	7,374,092	9,175,674	9,175,674	8,838,800	10,370,714
Undesignated/Unreserved Revenue						
Property Taxes	1,708,906	1,744,828	1,860,000	1,848,500	1,947,400	2,086,574
Sales Tax	5,014,257	4,670,622	4,600,000	4,525,000	4,578,191	4,834,964
Other Taxes	762,391	755,211	759,700	725,500	970,310	980,597
Licenses & Permits	218,269	508,380	223,480	201,850	299,050	299,050
Intergovernmental	153,278	95,656	88,300	106,000	86,000	86,000
Charges for Services	2,424,219	2,801,583	2,965,381	2,895,564	3,495,541	4,016,197
Fines and Forfeitures	96,332	85,892	100,600	84,000	84,000	84,000
Village Property Usage	314,361	212,113	284,406	255,000	75,000	75,000
Investment Income	469,136	544,833	315,500	302,000	450,000	355,000
Miscellaneous	439,974	227,465	4,780	5,280	5,280	5,280
Interfund Charges	456,409	623,799	523,627	523,627	569,852	578,750
Total Undes/Unres Revenue	12,057,532	12,270,382	11,725,774	11,472,321	12,560,624	13,401,412
Total Restricted Revenue ⁽¹⁾	0	0	633,900	543,400	544,900	544,900
Total Revenue	12,057,532	12,270,382	12,359,674	12,015,721	13,105,524	13,946,312
Transfers						
Interfund Transfers (Out)	(1,187,220)	(817,098)	(1,034,176)	(1,020,676)	(1,147,800)	(518,696)
Reserved Balance Transfer ⁽²⁾	0	0	426,035	418,035	857,553	647,083
Total Available Funds⁽³⁾	10,870,312	11,453,284	11,117,633	10,869,680	12,270,377	13,529,799
Expenditures						
Village Board	380,025	479,452	537,778	521,358	520,433	515,236
Village Manager ⁽⁵⁾	297,096	267,349	282,986	272,186	461,042	467,932
Administrative Services	971,541	1,033,520	1,621,732	1,547,775	1,467,122	1,506,754
Police Department	3,500,463	3,846,808	3,989,018	3,880,918	4,437,057	4,454,836
Fire Department	2,591,184	2,778,937	2,919,438	2,795,116	3,645,090	4,202,928
Public Works	1,348,885	1,416,299	1,638,865	1,581,984	1,796,124	1,816,186
Building & Planning	581,974	455,480	553,336	535,836	534,977	559,569
Economic Development	185,861	180,361	196,470	185,369	0	0
Total Expenditures	9,857,029	10,458,206	11,739,623	11,320,542	12,861,844	13,523,441
Available Funds Over / (Under) Expenditures	1,013,283	995,078	(621,990)	(450,862)	(591,467)	6,358
Year-End Fund Balances						
Undesignated/Unreserved	6,059,533	6,817,604	6,195,614	6,366,742	5,775,275	5,781,633
Designated	1,314,559	1,540,606	1,540,606	1,540,606	1,427,806	1,314,110
Reserved/Restricted	0	817,464	931,452	931,452	920,449	953,149
Reserved/Equipment	0	0	0	0	1,617,184	1,714,018
Reserved/Receivables	0	0	0	0	630,000	661,500
Total Fund Balance⁽⁴⁾	7,374,092	9,175,674	8,667,672	8,838,800	10,370,714	10,424,410

(1) Please see the General Fund Summary for an explanation of Restricted Revenues and their amounts.

(2) Please see the General Fund Summary for an explanation of Reserved Balance Transfers

(3) Total available funds include total undesignated revenues adjusted for transfers. It does not include designated revenues.

(4) Please see the General Fund Summary for an explanation of the different types of Fund Balances and how they differ from previous Budgets

(5) For comparison purposes, Economic Development expenditures for all years are included in the Office of the Village Manager.